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TO RUEHC/SECSTATE WASHDC PRIORITY 6496
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/29/09

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1) TOP HEADLINES

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Tanigaki elected new LDP president

Nikkei:

Government to adopt today new basic policy for FY2010 budget compilation, to accept new budget requests until Oct. 15

Sankei:

New LDP President Tanigaki: LDP will establish "administrative concept council"

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JCP Chairman Shii offers flowers at monument in Semipalatinsk

2) EDITORIALS

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- (1) Tanigaki-led LDP must reform itself in serious manner
- (2) Minister Kamei should reconsider plan for moratorium bill

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- (1) New LDP President Tanigaki also needs to introduce change
- (2) JAL reconstruction - Time to break free of shackles

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Yomiuri:

- (1) Tanigaki must initiate LDP's transformation
- (2) German center-right coalition will continue nuclear power plant policy

Nikkei:

- (1) Hatoyama administration should listen to concern in markets
- (2) New LDP President Tanigaki should set objectives for returning the party to power

Sankei:

- (1) New LDP President Tanigaki should demonstrate how he will renew his party
- (2) German general election: Japan should pay attention to conservative trend

Tokyo Shimbun:

- (1) New LDP President Tanigaki should change his party
- (2) Yen's appreciation, weak stock prices: Fujii statement is "correct," but ...

Akahata:

- (1) LDP picks new president - No future for backward-looking opposition party

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 28

NIKKEI (Page 2) (Full)
September 29, 2009

09:25 Signed his name as the prime minister in the book at the Hitachi Palace. Afterward signed in at the Imperial Palace to report his return. Signed his name as the prime minister in the book at the Katsura Palace.

10:15 Had an audience with the Crown Prince at the Togu Palace. Afterward signed his name at the Akishino Palace, Prince Tomohito's Palace, Mikasa Palace, and Takamado Palace.

11:10 Met Deputy Chief Cabinet Secretary Matsuno at the Kantei, followed by Lower House member Keishu Tanaka.

14:55 Met State Minister for Administrative Reform Sengoku in the presence of Deputy Chief Cabinet Secretary Matsui.

15:44 Met Cabinet Office Parliamentary Secretary Tamura.
16:29 Met Finance Minister Fujii, Senior Vice Finance Minister Minezaki and Parliamentary Secretary Furumoto.
17:01 Attended a government and ruling coalition party heads meeting, followed by a basic policy cabinet ministers committee meeting.
18:09 Attended a party commemorating the late political commentator Ryuichiro Hosokawa held at a restaurant in the Japan Press Center Bldg. In Uchi-saiwaicho.
18:50 Met Chief Cabinet Secretary Hirano.
20:32 Returned to his private residence.

4) Government to endorse basic budget-compilation policy today, redraft state budget from scratch

NIKKEI (Top Play) (Excerpts)
September 29, 2009

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The government will endorse a basic budget-compilation policy for fiscal 2010 at a cabinet meeting today. It will abolish the previous Aso administration's guidelines for budget requests and accept fresh requests from government agencies until Oct. 15. The government will try to generate funds by eliminating wasteful spending to pay for the livelihood-support measures proposed in the Democratic Party of Japan's manifesto for the last House of Representatives election. The government intends to freeze part of the fiscal 2009 supplementary budget and review the current single-fiscal-year system in an effort to underscore policy changes.

Prime Minister Yukio Hatoyama held a meeting at the Prime Minister's Official Residence yesterday of a cabinet committee on basic policies attended by the leaders of the three ruling parties and others. Hatoyama also held the first meeting attended by the party leaders and officials at the secretary-general level to discuss guidelines for budget compilation.

In the meetings, Hatoyama instructed participants to (1) scrap the Aso cabinet's budgetary request guidelines; (2) compile the fiscal 2010 budget by the end of the year; and (3) conduct a zero-based review of the existing state budget. The prime minister emphasized: "To implement the new measures proposed in the manifesto, the government will redraft the budget and find new fiscal sources."

Participating in the cabinet committee on meeting on basic policies were Hatoyama; Deputy Prime Minister Naoto Kan, who is also national strategy minister; Chief Cabinet Secretary Hirofumi Hirano; Social Democratic Party President Mizuho Fukushima, state minister for consumer affairs, food safety, declining birthrate, and gender equality; People's New Party President Shizuka Kamei, state minister for financial affairs and postal reform; and Finance Minister Hirohisa Fujii. The government plans to hold committee meetings regularly.

Instructions by Hatoyama on fiscal 2010 budget compilation

Q Compile the fiscal 2010 budget by the end of the year.
Q Eliminate wasteful spending.
Q Scrap the current guidelines for budget requests.
Q Have government agencies present by Oct. 15 their new requests made in accordance with the requirements presented in the DPJ manifesto and in the agreement reached to form the coalition government of the three political parties.
Q Find new fiscal sources to fund new policy measures listed in the manifesto through budget overhaul.
Q Conduct a zero-based review of the order of priorities in the current state budget.

5) Newly elected LDP President Tanigaki: LDP will set up "administrative concept council;" Oshima a likely candidate for secretary general

SANKEI (Top play) (Lead paragraph)
September 29, 2009

The opposition Liberal Democratic Party (LDP) yesterday held a presidential election at party headquarters. Former Finance Minister Sadakazu Tanigaki, 64, was elected the 24th LDP president, beating his two younger contenders - former Senior Vice Justice Minister Taro Kono, 46, and former Parliamentary Secretary for Foreign Affairs Yasutoshi Nishimura, 46. Tanigaki garnered 300, or a

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majority, of the 499 valid votes cast by (199) party lawmakers and (300) local chapters in the nation's 47 prefectures. Kono secured 144 votes and Nishimura captured 54 votes. Today Tanigaki will pick three top officers, including secretary general. At a press conference, Tanigaki revealed his intention to set up an "administrative concept council" (tentative name), at which the LDP will discuss how it should revitalize itself, and a "shadow cabinet."

6) Tanigaki elected new LDP president, Sonoda emerges as candidate for secretary general

YOMIURI (Top play) (Lead paragraph)
September 29, 2009

Yesterday the opposition Liberal Democratic Party (LDP) held its presidential election, in which former Finance Minister Sadakazu Tanigaki, 64, was elected as the 24th LDP president, defeating two other candidates - former Senior Vice Justice Minister Taro Kono, 46, and former Parliamentary Secretary for Foreign Affairs Yasutoshi Nishimura, 46. At yesterday's first balloting, Tanigaki secured 60 PERCENT of all the votes cast by party Diet members and local chapters in the nation's 47 prefectures. His term in office will run until the end of September 2012. Tanigaki will decide today the lineup of new LDP executives. Former Policy Research Council Deputy Chairman Hiroyuki Sonoda is emerging as a candidate for secretary general.

7) Japanese, Chinese and South Korean foreign ministers agree to cooperate on concept of East Asia Community

NIKKEI (Page 1) (Full)
September 29, 2009

(Nahoko Yamauchi, Shanghai)

The foreign ministers of Japan, China and South Korea met in Shanghai on Sept. 28 and agreed to cooperate in realizing the concept of an East Asia Community. They shared the view that North Korea's nuclear development will constitute a threat to the peace and stability of Northeast Asia. Based on this view, they decided to call on North Korea to quickly return to the Six-Party Talks.

The trilateral foreign ministerial was aimed at laying the groundwork for the planned summit meeting of the three countries set for Oct. 10. In the meeting, Foreign Minister Katsuya Okada said, "With the Japan-U.S. alliance as the cornerstone (of its security), Japan will proactively promote Asian diplomacy while promoting the concept of an East Asia Community." Chinese Foreign Minister Yang Jiechi and South Korean Foreign Affairs and Trade Minister Yu Myung-Hwan agreed.

Prime Minister Yukio Hatoyama has proposed the concept of an East Asia Community, in which common security and currency systems would be introduced. The foreign ministers did not discuss specifics of the concept in the meeting.

Okada called on China to make a greater effort in arms reduction. His Chinese counterpart replied, "China has promised to forgo the first-strike option." The Chinese foreign minister added, "We welcome the start of bilateral moves toward arms reduction by the U.S. and Russia."

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In a meeting of the Japanese and Chinese foreign ministers held

prior to the trilateral meeting, Okada expressed concern about China's independent development of the Shirakaba gas field.

8) Japan, China, ROK foreign ministers agree to hold trilateral summit on October 10

YOMIURI (Page 2) (Full)
September 29, 2009

Takanori Kato, Yukiko Ishikawa (Shanghai)

The foreign ministers of Japan, China, and the Republic of Korea (ROK) met at a hotel in Shanghai on the afternoon of September 28 and reached an official agreement on holding the second Japan-PRC-ROK summit in Beijing on October 10. They also agreed on promoting an "East Asian community" and other forms of regional cooperation among Asian countries.

Foreign Minister Katsuya Okada, Chinese Foreign Minister Yang Jiechi, and ROK Minister of Foreign Affairs and Trade Yu Myung-hwan participated in this meeting.

Okada briefed his counterparts on the Hatoyama administration's foreign policy at the beginning of the meeting. He said that: "Japan aims at building an East Asian community while regarding the Japan-U.S. relationship as the linchpin of its policy. We would like to promote regional cooperation in East Asia in collaboration with China and the ROK," conveying the new administration's emphasis on Asia.

Okada sought the two foreign ministers cooperation in realizing the East Asian community, saying: "We would like to cooperate step by step." On the other hand, China and the ROK reportedly indicated their intention to promote regional cooperation under the ASEAN-plus-three (Japan, the PRC, and the ROK) framework. Okada told reporters after the meeting that, "They basically gave their support."

Meanwhile, Okada also voiced his support for U.S. President Barack Obama's advocacy of a "world without nuclear weapons" at the meeting and asked that China make efforts toward nuclear disarmament. Yang replied that China will "work on this positively."

9) Gist of Japan-PRC-ROK foreign ministerial talks on September 28

YOMIURI (Page 4) (Full)
September 29, 2009

Regional cooperation

Foreign Minister Katsuya Okada: Japan aims at building an East Asian community in the long-term while keeping the Japan-U.S. alliance as the linchpin of its policy. It is important to strengthen cooperation with China and the Republic of Korea (ROK).

PRC Foreign Minister Yang Jiechi: I agree.

ROK Minister of Foreign Affairs and Trade Yu Myung-hwan: We would like to promote regional cooperation further.

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North Korean issue

Okada: North Korea's development of nuclear weapons is unacceptable. We would like to resolve the abduction, nuclear, and missile issues and settle the issues of the unfortunate past.

Yu: It is necessary to continue to impose the sanctions based on UN Security Council resolutions. Our position is to pursue dialogue in this context.

Yang: The Six-Party Talks is a realistic and effective channel. We need to place more importance on this framework. We hope for an appropriate solution to the abduction issue.

Nuclear disarmament and non-proliferation

Okada: We support a world without nuclear weapons. We hope for more transparency and further efforts toward nuclear disarmament from China.

Yang: China has pledged no-first-use (of nuclear arms). We will make the necessary efforts.

Climate change

Okada: We will cooperate with the 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP15).

Yang: Let us work under the principle of common but differentiated responsibility.

Diplomatic schedules

Three foreign ministers: The Japan-PRC-ROK summit will be held in Beijing on October 10. The next trilateral foreign ministerial meeting will be held in the ROK next year.

10) Japan-China-ROK foreign ministerial; China attacks Okada in bid to drive wedge between Japan and United States over East Asia community concept

SANKEI (Page 5) (Abridged slightly)
September 29, 2009

Ken Kasahara, Shanghai

During his first visit to China as foreign minister, Katsuya Okada, together with his Chinese and South Korean counterparts, confirmed close cooperation in promoting the East Asia community concept. Okada emphasized that the concept is not designed to exclude the United States, Japan's ally. However, the Chinese side poured cold water on the Okada proposal, claiming that China has consistently advocated the East Asian Community concept, apparently in an effort to get the upper hand. The more the Hatoyama administration advocates this concept, the greater is the distrust of the United States and the harder China tries to drive a wedge between Japan and the U.S.

"(The two countries) basically supported the idea apart from the question of whether or not to use the phrase 'East Asia Community concept,'" Okada said after a series of talks, playing up the results of the ministerial.

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Okada has indicated that Japan will serve as a "connector" between Asia and the United States. True to his words, at the Japan-China-South Korea foreign ministerial Okada emphasized a plan to promote the East Asia Community concept while maintaining the Japan-U.S. alliance as the cornerstone (of Japan's security). A senior Japanese government official repeatedly indicated that the U.S. should not be alarmed, saying, "The concept will include such countries as India and Australia and is not designed to exclude the United States."

Nevertheless, there is no doubt that Beijing regards the launch of the Hatoyama administration as a golden opportunity to win Japan over to the Chinese side, according to a senior Foreign Ministry official. In the series of talks, Okada also referred to the development of gas fields in the East China Sea, the Chinese-made frozen dumplings incident, human rights in Tibet, and China's nuclear disarmament. Nevertheless, there was the impression that the talks proceeded at China's pace. (Okada) was not able to dispel the concern that Japan might be outmaneuvered by shrewd Chinese diplomacy.

11) Kitazawa making preparations for meeting with Pentagon chief

ASAHI (Page 4) (Full)
September 29, 2009

Defense Minister Toshimi Kitazawa held a meeting yesterday with Senior Vice Defense Minister Kazuya Shimba and parliamentary secretaries for defense. During the meeting, Kitazawa confirmed that he would make preparations for a meeting with U.S. Secretary of Defense Gates, who will visit Japan late next month. The two defense leaders are expected to discuss such issues as the realignment of U.S. forces in Japan and Japan's assistance to Afghanistan. Kitazawa will accelerate preparations for his meeting with Gates. Coordination is now underway for Gates to visit Japan Oct. 20-21.

12) North Korean vice foreign minister positive on resumption of Japan-DPRK talks on abduction, other issues

TOKYO SHIMBUN (Page 3) (Full)
September 29, 2009

New York, Kyodo - It was learned on September 28 that North Korean Vice Foreign Minister Pak Kil Yon, who is in the United States to attend the UN General Assembly, stated at a meeting with UN Secretary General Ban Ki Moon that issues with Japan, including the abduction issue, "should be handled through bilateral talks," indicating a positive attitude on resuming Japan-DPRK talks. This was revealed by a diplomatic source at the United Nations. Pak also reportedly reiterated that North Korea will not return to the Six-Party Talks.

It is believed that this is the first time that North Korea has indicated the possibility of resuming talks with Japan at a UN diplomatic venue. During an interview with Kyodo News on September 11, DPRK envoy for normalization talks with Japan Song Il Ho hinted at the DPRK's willingness to resume bilateral talks.

Pak is scheduled to deliver a speech at the UN General Assembly's General Debate on the afternoon of September 28 (morning of September 29, Japan time).

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13) Okinawa environmental assessment council urges Defense Bureau to conduct reexamination on plan to build new U.S. base

AKAHATA (Page 1) (Full)
September 29, 2009

Okinawa's Environmental Impact Assessment Council (chaired by Seiko Tsukayama), tasked with deliberating on the environmental impact assessment preparatory documents for the planned construction of a new U.S. base in the Henoko district in Nago, Okinawa Prefecture, held its eighth meeting in Ginowan on Sept. 28 and discussed its draft report to the prefectural government. In response to the Okinawa Defense Bureau's preparatory documents, which concluded that overall there will be only a "minor impact on the environment," the draft council report is designed to effectively urge the bureau to return its preparatory documents to square one, while indicating some critical comments on specific factors, according to Chairman Tsukayama.

In the meeting, some citizens in the audience and council members complained a draft report that does not seek reexamination is insufficient. The text was revised to read, "a necessary examination, projection, and evaluation will be carried out once again."

The Defense Bureau's preparatory documents say that impact on the environment must be avoided/reduced "within the scope feasible by contractors." In reaction to those documents, the council report includes a phrase indicating that the option of halting the construction of the new base will not be excluded, reading, "In the event the environmental impact cannot be fully reduced, the options for halting the project, changing the site, and reducing the project in size will not be excluded."

The draft council report also harshly criticizes the preparatory documents, saying that as seen in a lack of multi-year surveys of dugons, the environment assessment plan was produced without

sufficiently addressing the governor's views and that the conclusion, projection, and evaluation of the survey specified in the preparatory documents were far from sufficient.

The council plans to produce its final report before the end of the week.

ROOS